Takashimaya Company, Limited

Takashimaya Reports Earnings for the Fiscal Year Ended February 29, 2012

Summary of Operating Results

Consolidated sales and other operating revenue for the Takashimaya Group declined 1.3% from the previous fiscal year to 858,123 million yen. Operating income increased 16.1% to 21,099 million yen, ordinary income rose 8.3% to 24,355 million yen, and net income declined 21.3% to 10,895 million yen.

During the fiscal year, the Japanese economy was severely impacted by the Great East Japan Earthquake and tsunami disaster which struck last March. The economic situation has remained shaky ever since, with the main problems being the rapid appreciation of the yen and the global financial crisis, especially in Europe. Corporate earnings were hampered by the difficult business environment as a result of events such as the earthquake/tsunami disaster as well as the floods in Thailand. However, in the fiscal second half, signs of a recovery in corporate earnings emerged, especially for companies whose earnings are driven by domestic demand.

In this environment, the Takashimaya Group continued to implement structural reforms, worked to enhance sales capabilities, and mobilized its collective strengths as a group. As a result of these efforts, the Takashimaya Group was able to achieve consolidated operating income growth for the second consecutive fiscal year.

Segment Information

Operating performance by segment is discussed below

Department Stores

In the Department Stores segment, sales and other operating revenue declined 1.9% from the previous fiscal year to 762,827 million yen. Operating income fell 7.6% to 9,909 million yen, as

the Great East Japan Earthquake disaster of last March dampened consumer sentiment. This, along with the decline in days in operation and shortened hours of operation due to subsequent rolling power outages, had a significant impact on the stores, particularly in the Kanto region. Stores quickly altered operating patterns, making sure to supply daily life essentials as well as other products and services needed by customers, while at the same time curbing electric power use.

Each employee made sales the focal point of their work as Takashimaya made every effort to be a store that local consumers could depend on. As a result, once the operating pattern returned to normal from last April, sales gradually began to recover. During the fiscal year, sales of luxury brands and jewelry were strong, owing to the rebound in consumption that had been hampered by the earthquake/tsunami disaster, as well as an increase in demand for bridal items. As a way of supporting the post-disaster restoration, stores rolled out Tohoku region-themed products for summer and year-end gift ideas and a “Big Tohoku Exhibit” was held, in addition to other various charity events held by individual stores.

During the fiscal year, senior managers with purchasing authority were assigned at each store to enable stores to quickly respond to the needs of local customers and initiatives were taken to strengthen product line-ups. In addition to efforts to improve line-ups, stores also worked to improve services and store environments based on opinions gathered from customers via opinion forms or as communicated directly to store salespersons.

The Osaka store, which celebrated its grand opening last March, made improvements to the store based on the preferences and values of its customers. As a result, the Osaka store was able to post an increase in sales despite moves by competitors to expand existing stores or open new ones in the Umeda district. The Yokohama store expanded its product line-up and upgraded the store environment in order to solidify its status as the best store in the area. The Tamagawa store boosted the synergistic effects coinciding with the opening of Futako Tamagawa Rise last March, while the Kashiwa store boosted its marketing capability by renovating the store to upgrade the environment from the perspective of shoppers and bolster the food area.

To commemorate Takashimaya's 180th anniversary, an aggressive roll-out of products based on the themes of Japanese tradition and lifestyle was carried out, and stores featured products and events with value unique to a department store. One such event was "the beauty and cultural exhibition of the Mikado temple remains at the Yamato nunnery."

Although such efforts were made to boost marketing capabilities, the department store business in Japan was unable to post a year-on-year increase in sales and other operating revenue due to the impact of the earthquake/tsunami disaster in the first half of the fiscal year.

Overseas, Takashimaya Singapore Ltd. posted growth in revenue and earnings thanks to the strong Singaporean economy and its efforts to capture consumer demand through proactive marketing efforts.

Contract & Design

The Contract & Design segment contributed 17,097 million yen in sales and other operating revenue, a decline of 2.0% from the previous fiscal year, and operating income of 217 million yen, an increase of 79.3% compared to the previous fiscal year.

Takashimaya Space Create Co., Ltd. saw a decline in orders due to the impact of the earthquake disaster, but was nonetheless able to post an increase in earnings thanks to ongoing fixed cost reductions and a recovery in the order environment in the second half of the fiscal year.

Real Estate

The Real Estate segment's sales and other operating revenue increased 9.6% versus the previous fiscal year to 32,259 million yen. Operating income totaled 7,184 million yen, an increase of 8.6%.

Toshin Development Co., Ltd. posted an increase in both revenues and earnings due to the completion of the renovation of Tamagawa Takashimaya Shopping Center, the opening of the new Futako Tamagawa Rise Dogwood Plaza, as well as efforts to reduce costs in order to minimize the impact of the earthquake disaster. Toshin Development Singapore Pte. Ltd. posted significant increases in both revenues and earnings due to the robust Singaporean economy as well as the change in the fiscal year-end and other special factors.

Finance

Sales and other operating revenue in the Finance segment declined 1.5% from the previous fiscal year to 11,514 million yen, while operating income rose 51.2% to 3,228 million yen.

Takashimaya Credit Co., Ltd. posted lower revenue as the earthquake disaster resulted in a decline in credit card transaction volume. On the other hand, operating income increased thanks to the reduction in credit costs and the restructuring of outsourcing costs.

Other

Sales and other operating revenue in the Other segment, including the Group's Cross Media Division, increased 3.0% from the previous fiscal year to 34,424 million yen. The segment posted an operating profit of 248 million yen, versus an operating loss of 1,280 million yen the previous fiscal year.

In the Cross Media Division, the Internet catalog business leveraged its unique characteristics to quickly meet people's changing consumption patterns and needs following the earthquake disaster. In addition to enhancing food products and daily use goods, the division enhanced collaboration with in-store sales of cosmetics and other fashion-related items.

Furthermore, Takashimaya Service Co., Ltd. worked to increase its operating efficiency and posted a smaller operating loss than the previous fiscal year.

Consolidated Earnings Forecast

In the upcoming fiscal year, issues including the economic situation in Europe and the high price of oil will likely delay the global economic recovery.

Consolidated performance targets for the year are as follows: sales and other operating revenue of 880,000 million yen, an increase of 2.5% from the previous fiscal year, operating income of 24,000, an increase of 13.7%, ordinary income of 26,500 million yen, an increase of 8.8%, and net income of 13,000 million yen, an increase of 19.3%.

The domestic economy has been steadily recovering since the Great East Japan Earthquake struck last March. However, the consumption environment remains shrouded in uncertainty, including chronic deflation and the decline in population in conjunction with the ageing of society, so optimism is not yet warranted. In response to this environment, the Takashimaya Group will institute reforms to build a corporate culture which encourages proactive risk-taking, and will carry out a variety of measures, focusing on the three themes of "bolstering the marketing capabilities of department stores in Japan," "promoting integrated Group management," and "expanding business in Asia."

In the mainstay Department Store segment, stores in Japan will redouble their efforts to meet the needs of people in the local community, with sales being the focal point of all work. In addition to proactively experimenting with new product line-ups, measures will be taken to increase the accuracy of basic product line-ups, to prevent products from going out of stock and other issues.

In terms of specific measures concerning products, sales areas will be developed that promote a certain type of lifestyle, going beyond traditional product categories. Furthermore, large stores will be equipped with new product areas featuring collaborations with up-and-coming designers and special events focusing on world-renowned Japanese feats of manufacturing. Product development will also focus intensely on timely and relevant themes. Examples will include promotions of products related to England, where the Olympics will be held, as well as products that will help customers handle the summer heat amid measures to conserve electricity consumption. The Art Department will demonstrate its ability to procure excellent works of art, develop future artists, and increase the level of expertise to raise the Takashimaya brand value.

Furthermore, from this February, Takashimaya Point Cards issued by individual stores will be able to be used at Takashimaya stores other than the issuing Takashimaya store, which will make these cards more user-friendly and help keep customers loyal and bring in new customers as well.

Each store is also planning new initiatives. The Yokohama store will continue to be renovated in order to solidify the store's status as the leading department store in the area. The Osaka store will further leverage its recent renovation to win out against the rising competition, and work to attract new customers through a proactive publicity campaign and joint sales promotion efforts with neighboring commercial properties. With a view to future competition and the situation after re-development has been completed, the Tokyo store will undergo a renovation aimed at attracting the next generation of customers.

In an effort to attract customers, stores will work with media outlets and hold newsworthy special events, such as the *Nippon Housou Umaimon* festival and *Himmitsu Kenminkan* in Osaka Takashimaya. A culture festival unique to Takashimaya will also be held, featuring exhibitions such as a heritage exhibition commemorating the reconstruction of Rokkakudo in Izura and remembering its curator Okakura Tenshin and "East Meets West – Commemorating the 125th year since the birth of Bernard Leach." The Bernard Leach exhibition will be held alongside an "exhibition of the purpose and beauty of folk handicrafts" to showcase how Takashimaya has left its mark on Japan's crafts movement.

Overseas, Takashimaya Singapore Ltd. will strive to further increase profits by bolstering marketing capabilities in response to robust consumption in Singapore. Elsewhere, the first full-line department store in China will open this year in a wealthy residential part of Shanghai home to many upper-class Chinese people as well as expatriates from overseas. Additionally, a new Takashimaya store will be built in Saigon Centre (slated to open in 2015), a large development complex which will be located in the center of Ho Chi Minh City. With the aim of expanding the Asian business, with a two-pronged focus on China and ASEAN nations where economic growth is strong, an Asian Development Office was established this February. Going forward, the collective strengths of the Takashimaya Group will be leveraged to steadfastly move forward with new growth strategies.

In the Contract & Design business, Takashimaya Space Create Co., Ltd. will continue to focus its sales activities on attracting large-scale projects, as it works to strengthen its project proposal capabilities to ensure it can offer clients a complete service, from planning through to construction.

In the Real Estate business, Toshin Development Co., Ltd. will aggressively pursue earnings growth by moving forward with development around domestic shopping centers. Focus will also be placed on the real estate business in Vietnam along with development in other Asian countries.

In the Finance business, Takashimaya Credit Co., Ltd. will seek to increase profits by further enhancing member services to obtain more members and encourage card use.

In the Cross Media Division, initiatives to bolster the alliance with stores for fashion items in the Internet business will be carried out, while other new business opportunities will also be pursued.

In terms of corporate social responsibility (CSR) initiatives, Takashimaya stores will continue to proceed with efforts to upgrade store environments, including barrier-free projects, so that more customers can enjoy a comfortable shopping experience. Also, once again this fiscal year support will be provided to help restoration efforts in the wake of the Great East Japan Earthquake. The

Takashimaya Group will also contribute to the sustainable development of society, both in Japan and overseas, by engaging in activities rooted in local communities.

Note: Earnings forecasts and other forward-looking statements in this document are based on information currently available to management and involve risks and uncertainties. Actual results may differ materially from those expressed or implied by forward-looking statements. Factors that could cause actual results to differ from projections include, but are not limited to, changes to the economic environment, market conditions, and exchange rates.

Financial Condition

Assets, Liabilities, and Net Assets

Consolidated assets at the end of the fiscal year (February 29, 2012) totaled 803,917 million yen, down 13,170 million yen from the end of the previous fiscal year (February 28, 2011), mainly due to a decline in gift certificates outstanding. Liabilities decreased by 19,551 million yen from the end of the previous fiscal year, to 496,436 million yen. Net assets totaled 307,481 million yen, up 6,381 million yen from the end of the previous fiscal year, as a result of an increase in retained earnings.

Cash Flows

Consolidated cash and cash equivalents at the end of the fiscal year (February 29, 2012) totaled 76,077 million yen, up 5,798 million yen from the end of the previous fiscal year (February 28, 2011).

Net cash provided by operating activities was 31,921 million yen, an increase of 11,275 million yen from the previous fiscal year. This mainly reflects an increase in gain/loss on the sale of fixed assets and a decline in income before income taxes and minority interests.

Net cash used in investment activities was 16,356 million yen, an increase of 3,116 million yen from the previous fiscal year. This was mainly due to a 12,601 million yen decline in outlays for the purchase of tangible and intangible fixed assets, while proceeds from the sale of tangible and intangible fixed assets and from the sale of securities were down 14,746 million yen.

Net cash used in financing activities was 8,210 million yen, a 15,883 million yen increase from the previous fiscal year. This was mainly due to a 10,510 million yen decline in expenditures from the repayment of long-term loans, which was offset by a 26,000 million yen decline in proceeds from long-term loans.

(Reference) Cash Flow Related Indicators

	FY2007	FY2008	FY2009	FY2010	FY2011
Equity Ratio (%)	37.9	37.1	36.6	36.3	37.6
Market Capitalization Equity ratio based on market capitalization (%)	50.5	22.4	28.8	27.1	25.6

Interest Bearing Debt to Cash Flow Ratio (Yrs)	1.3	7.0	5.1	6.4	4.0
Interest Coverage Ratio (x)	31.2	9.0	16.4	12.1	19.5

Equity ratio: Total net assets / Total assets
Equity ratio based on market capitalization: Market capitalization / Total assets
Cash flow to interest-bearing debt: Interest-bearing debt / Cash flow
Interest coverage ratio: Cash flow / Interest expense

*All of the above indicators are calculated based on consolidated financial statement data.
*Market capitalization is calculated by multiplying the closing stock price on the last day of the fiscal year by the number of outstanding shares (net treasury stock) at the end of the fiscal year
*Operating cash flow uses the cash flow from operating activities from the Statement of Cash Flows. Interest bearing debt includes short-term bank loans, bonds due within one year, corporate bonds, long-term debt and commercial paper posted on the consolidated Balance Sheets. Interest payment uses the interest expense paid from the Statement of Cash Flows

Basic Policy on Distribution of Profits and Dividends for Applicable and Upcoming Fiscal Years

Takashimaya's basic stance is to maintain a stable dividend level by enhancing the management base with a view to the future and also taking both present operating performance and the management base into consideration.
Based on this policy, Takashimaya has decided that the annual dividend for the fiscal year ended February 29, 2012, will be 10 yen per share.
Concerning the upcoming fiscal year, Takashimaya is planning to pay an annual dividend of 10 yen per share.
Takashimaya will continue to use retained earnings to carry out store renovations and otherwise enhance its marketing capabilities as well as to bolster its financial standing.

Balance Sheets

(million yen)

	As of February 28, 2011	As of February 29, 2012
	Amount	Amount
Assets		
Current assets	265,878	262,394
Cash and deposits	55,503	61,124
Notes and accounts receivable	121,263	121,414
Marketable securities	15,000	15,000
Merchandise and products	37,211	36,765
Work in process	771	508
Raw materials and supplies	584	590
Deferred tax assets	5,160	6,989
Other	30,944	20,880
Allowance for doubtful accounts	(562)	(877)
Fixed assets	551,209	541,522
Tangible fixed assets	381,920	375,748
Buildings and structures, net	160,020	155,348
Machinery, equipment and vehicles, net	117	98
Furniture and fixtures, net	8,697	8,259
Land	208,772	208,682
Lease assets, net	2,456	2,611
Construction in progress	1,856	748
Intangible fixed assets	26,451	29,799
Leasehold	11,354	11,404
Goodwill	764	669
Other	14,332	17,725
Investments and other assets	142,838	135,975
Investment securities	79,528	77,474
Long-term guarantee deposits	43,613	42,082
Deferred tax assets	16,655	13,467
Other	7,830	7,357
Allowance for doubtful accounts	(4,790)	(4,406)
Total assets	817,088	803,917

(million yen)

	As of February 28, 2011	As of February 29, 2012
	Amount	Amount
Liabilities		
Current liabilities	304,198	322,910
Notes and accounts payable	87,248	87,297
Short-term bank loans	14,083	39,811
Lease obligations	500	652
Accrued income taxes	3,035	4,177
Advances received	76,871	75,713
Gift certificates outstanding	77,174	63,070
Deposits received	21,248	26,178
Allowance for point gift certificates	3,828	3,517
Allowance for loss on disposal of buildings and	341	-
Allowance for directors' and corporate auditors'	-	16
Asset retirement obligations	-	34
Other	19,866	22,441
Fixed liabilities	211,789	173,525
Corporate bonds	30,000	30,000
Long-term debt	87,679	57,667
Lease obligations	1,955	1,967
Asset retirement obligations	-	1,122
Allowance for employees' retirement benefits	51,889	49,763
Allowance for directors' and corporate auditors' retirement benefits	244	242
Reserve for environmental measures	693	660
Deferred tax liabilities	121	103
Deferred tax liabilities related to revaluation	9,838	8,630
Other	29,367	23,366
Total liabilities	515,988	496,436
Net assets		
Shareholders' capital	285,854	293,941
Common stock	56,025	56,025
Additional paid-in capital	45,085	45,085
Retained earnings	185,272	193,362
Treasury stock	(528)	(531)
Accumulated other comprehensive income	10,383	8,211
Net unrealized gains/losses on other securities	6,237	4,799
Net deferred gains/losses on hedge contracts	3	11
Land revaluation difference	7,998	8,373
Foreign currency translation adjustments	(3,856)	(4,974)
Minority interests	4,861	5,328
Total net assets	301,099	307,481
Total liabilities and net assets	817,088	803,917

Statements of Operations

(million yen)

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012
	Amount	Amount
Net sales	819,062	805,757
Cost of sales	606,812	597,511
Gross profit	212,249	208,245
Other operating revenue	50,413	52,366
Gross operating income	262,663	260,611
Selling, general and administrative expenses		
Advertising expenses	22,891	23,779
Provision for point gift certificates	3,828	3,517
Distribution and outsourcing expenses	26,874	26,061
Supplies expenses	4,097	3,714
Provision for doubtful accounts	1,818	698
Directors’ compensation and salaries	69,919	67,614
Retirement benefit expenses	7,780	7,406
Provision for directors’ and corporate auditors’ bonuses	-	16
Provision for directors’ and corporate auditors’ retirement benefits	72	69
Welfare expenses	13,912	13,183
Heating and lighting expenses	11,097	11,083
Commission fees	1,937	1,778
Rental expenses	37,725	37,616
Machine rental expenses	1,593	1,355
Depreciation	16,099	17,281
Amortization of goodwill	187	187
Other	24,652	24,148
Total selling, general and administrative expenses	244,489	239,512
Operating income	18,173	21,099
Non-operating income		
Interest income	359	344
Dividend income	829	868
Gain on adjustment of accounts payable	1,361	974
Equity in gains of affiliated companies	1,816	1,943
Gain on donation of fixed assets	1,286	510
Other non-operating income	807	598
Total non-operating income	6,460	5,239
Non-operating expenses		
Interest expenses	1,691	1,551
Loss on adjustment of accounts payable	0	0
Foreign exchange gain or loss	-	200
Other non-operating expense	458	230
Total non-operating expenses	2,150	1,983
Ordinary income	22,484	24,355
Extraordinary gains		
Gain on sale of fixed assets	10,466	37
Reversal of allowance for doubtful accounts	32	16
Gain on sales of investment securities	-	80
Gain on revision of retirement benefit plan	-	50
Other	1	-
Total extraordinary gains	10,500	185

Extraordinary losses		
Loss on sale of fixed assets	2	327
Loss on disposal of fixed assets	3,681	1,709
Provision for loss on disposal of buildings and structures	341	-
Loss on revaluation of investment securities	4	505
Additional early retirement benefits	1,588	1,687
Loss on change in equity interest	448	-
Provision for environmental measures	693	-
Loss of disaster	-	352
Effect of adoption of accounting standard for asset retirement obligations	-	370
Other	766	312
Total extraordinary losses	7,527	5,265
Net income before income taxes and minority interests	25,457	19,276
Income taxes, inhabitants' tax, and enterprise taxes	7,945	5,516
Income tax adjustments	3,256	2,352
Total income taxes	11,201	7,868
Income before minority interests	-	11,407
Minority interests in income	407	511
Net income	13,849	10,895

Statements of Comprehensive Income

(million yen)

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012
	Amount	Amount
Income before minority interests	-	11,407
Other comprehensive income		
Net unrealized gains/losses on other securities	-	(1,175)
Net deferred gains/losses on hedge contracts	-	8
Land revaluation difference	-	869
Foreign currency translation adjustments	-	(235)
Share of other comprehensive income of affiliated companies	-	(1,144)
Total other comprehensive income	-	(1,678)
Comprehensive income	-	9,728
(Breakdown)		
Comprehensive income attributable to owners of the parent	-	9,217
Comprehensive income attributable to minority interests	-	511

Statements of Changes in Net Assets

(million yen)

	Number of shares issued	Net assets				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Shareholders' capital
Balance as of February 28, 2010	330,827,625	56,025	45,085	174,741	(514)	275,336
Cash dividends paid				(3,299)		(3,299)
Net income for the fiscal year				13,849		13,849
Gain on sales of treasury stock and increase in treasury stock, net			0		(13)	(12)
Reversal of revaluation reserve for land				-		-
Effect of change in scope of consolidation				(19)		(19)
Net changes during the year		-	0	10,531	(13)	10,518
Balance as of February 28, 2011	330,827,625	56,025	45,085	185,272	(528)	285,854
Cash dividends paid				(3,299)		(3,299)
Net income for the fiscal year				10,895		10,895
Gain on sales of treasury stock and increase in treasury stock, net			0		(3)	(3)
Reversal of revaluation reserve for land				494		494
Effect of change in scope of consolidation				-		-
Net changes during the year		-	0	8,090	(3)	8,086
Balance as of February 29, 2012	330,827,625	56,025	45,085	193,362	(531)	293,941

(million yen)

	Net unrealized gains/losses on other securities	Net deferred gains/losses on hedge contracts	Land revaluation difference	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
Balance as of February 28, 2010	6,048	(12)	7,998	(1,973)	12,060	3,842	291,239
Cash dividends paid							(3,299)
Net income for the fiscal year							13,849
Gain on sales of treasury stock and increase in treasury stock, net							(12)
Reversal of revaluation reserve for land							-
Effect of change in scope of consolidation							(19)
Net change in items other than shareholders' capital	189	16	-	(1,882)	(1,676)	1,019	(657)
Net changes during the year	189	16	-	(1,882)	(1,676)	1,019	9,860
Balance as of February 28, 2011	6,237	3	7,998	(3,856)	10,383	4,861	301,099
Cash dividends paid							(3,299)
Net income for the fiscal year							10,895
Gain on sales of treasury stock and increase in treasury stock, net							(3)
Reversal of revaluation reserve for land							494
Effect of change in scope of consolidation							-
Net change in items other than shareholders' capital	(1,437)	8	375	(1,118)	(2,172)	467	(1,705)
Net changes during the year	(1,437)	8	375	(1,118)	(2,172)	467	6,381
Balance as of February 29, 2012	4,799	11	8,373	(4,974)	8,211	5,328	307,481

Statements of Cash Flows

(million yen)

	Fiscal year ended February 28, 2011	Fiscal year ended February 29, 2012
	Amount	Amount
I Cash flows from operating activities:		
Income before income taxes and minority interests	25,457	19,276
Depreciation	16,128	17,305
Amortization of goodwill	95	95
Increase (decrease) in allowance for doubtful accounts	39	(68)
Increase (decrease) in allowance for directors' and corporate auditors' bonuses	-	16
Increase (decrease) in allowance for employees' retirement benefits	(3,494)	(2,125)
Increase (decrease) in allowance for directors' and corporate auditors' retirement benefits	(7)	(2)
Increase (decrease) in allowance for point gift certificates	85	(310)
Increase (decrease) in allowance for loss on disposal of buildings and structures	341	(341)
Interest and dividend income	(1,188)	(1,212)
Interest expenses	1,691	1,551
Equity in (gains) losses of affiliated companies	(1,816)	(1,943)
(Gain) loss on sale of fixed assets	(10,464)	289
Loss on disposal of fixed assets	2,536	1,080
(Gain) loss on revaluation of investment securities	4	505
Effect of adoption of accounting standard for asset retirement obligations	-	370
(Increase) decrease in notes and accounts receivable trade	(19,741)	(1,669)
(Increase) decrease in inventories	4,620	676
Increase (decrease) in notes and accounts payable trade	1,485	519
(Increase) decrease in accrued revenue	-	10,195
Other	10,494	(8,520)
Subtotal	26,267	35,687
Interest and dividend income received	2,014	2,093
Interest expense paid	(1,699)	(1,637)
Income taxes paid	(7,992)	(4,447)
Income taxes refunded	2,055	225
Net cash provided by (used in) operating activities	20,645	31,921
II Cash flows from investing activities:		
Purchase of time deposits maturing after three months	(58)	(60)
Repayment of time deposits maturing after three months	60	239
Purchase of securities	(13)	(217)
Proceeds from sale of securities	3,003	126
Purchase of stocks of subsidiaries and affiliates	-	(758)
Purchase of tangible and intangible fixed assets	(28,961)	(16,360)
Proceeds from sale of tangible and intangible fixed assets	12,520	651
Payment of long-term loans	(26)	(19)
Collection of long-term loans	39	16
Other	196	25
Net cash provided by (used in) investing activities	(13,240)	(16,356)
III Cash flows from financing activities		
Proceeds from long-term bank loans	30,000	4,000
Repayment of long-term bank loans	(18,793)	(8,283)
Proceeds from sale of treasury stock	0	0
Cash dividends paid	(3,299)	(3,299)
Other	(234)	(628)
Net cash provided by (used in) financing activities	7,673	(8,210)

IV	Effect of exchange rate changes on cash and cash equivalents	(997)	(1,555)
V	Increase (decrease) in cash and cash equivalents	14,080	5,798
VI	Cash and cash equivalents at beginning of period	55,963	70,279
VII	Increase in cash and cash equivalents due to newly consolidated subsidiaries	235	-
VIII	Cash and cash equivalents at end of period	70,279	76,077

Notes on the Going-concern Assumption

Not applicable

Segment information

Business segment information for March 1 – February 28, 2011

(million yen)

	Department Stores	Contract & Design	Real Estate	Finance	Other	Total	Elimination and corporate	Consolidated
I Sales and other operating revenue:								
Outside customers	777,478	17,451	29,434	11,689	33,421	869,476	-	869,476
Intersegment/transfer	5,893	3,841	5,355	4,204	30,687	49,982	(49,982)	-
Total	783,371	21,292	34,790	15,894	64,109	919,458	(49,982)	869,476
Operating expenses	772,642	21,171	28,176	13,758	65,390	901,140	(49,838)	851,302
Operating income (loss)	10,728	121	6,613	2,135	(1,280)	18,318	(144)	18,173
II Assets, Depreciation/amortization, impairment loss and capital expenditures:								
Assets	503,959	14,502	122,347	101,762	18,636	761,208	55,879	817,088
Depreciation/amortization	11,878	50	3,922	12	130	15,994	133	16,128
Impairment loss	-	-	-	-	-	-	-	-
Capital expenditures	15,053	18	12,275	52	74	27,474	(480)	26,994

Notes: 1. Business operations are categorized based on the type and use of merchandise and services involved into the Department Stores, Contract & Design, Real Estate, and Finance segments.

2. The Other segment mainly consists of the mail-order business, the wholesale business, and the sewing and processing business.

3. Of operating expenses, unallocated operating expenses included in “Elimination and corporate” was nil.

4. Effective the fiscal year ended February 28, 2011, the Company adopted the *Accounting Standard for Construction Contracts (ASBJ Statement No. 15)* and its associated *Guidance on the Accounting Standard for Construction Contracts (ASBJ Guidance No. 18)*. Due to this change, in the Contract & Design segment, operating revenue was 1,543 million yen higher and operating income was 198 million yen higher than would have resulted with the previous accounting method.

5. Corporate assets included in “Elimination and corporate” was 126,766 million yen consisting mainly of working capital (cash, deposits and marketable securities) and long-term investments (investment securities) held by the parent company and assets related to the administration departments.

Geographical segment information for March 1, 2010 – February 28, 2011

Geographical segment information is omitted from disclosure, as operating revenue earned and assets held in Japan exceeds 90% of the total operating revenue and the total assets respectively.

Overseas sales for March 1, 2010 – February 28, 2011

Overseas sales information is omitted from disclosure, as overseas sales account for less than 10% of the consolidated operating revenue.

Segment information

Additional information

Effective the fiscal year ended February 29, 2012, the Company adopted the *Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information* (ASBJ Statement No.17, March 27 2009) and its accompanying *Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information* (Guidance No. 20, March 21, 2008).

1. Overview of reportable segments

The Takashimaya Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Group's board of directors to decide how to allocate resources and assess performance.

The Group's business, consisting mainly of Department Stores operations, is classified into reportable segments based on service categories and service delivery methods. Reportable segments are the Department Stores segment, the Contract & Design segment, the Real Estate segment, and the Finance segment.

The Department Stores segment mainly sells apparel, personal items, household goods, utensils, food items, etc. The Contract & Design segment receives and undertakes orders for interior renovations and other such work. The Real Estate segment provides real estate management services and operates shopping malls and related facilities. The Finance segment issues credit cards and is engaged in the financial business of Takashimaya Group companies.

2. Calculation of sales, income/loss, assets, and other items by reportable segment

Accounting methods applied in reportable segments are consistent with the methods applied in preparation of consolidated financial statements. Reportable segment income is based on operating income. Intersegment sales or transfer is based on market price.

3. Sales and income/loss by reportable segment for March 1, 2011 – February 29, 2012

(million yen)

	Reportable segment					Other *1	Total	Adjustments *2	Amounts reported on the consolidate statements of operations *3
	Department Stores	Contract & Design	Real Estate	Finance	Total				
Sales and other operating revenue:									
Outside customers	762,827	17,097	32,259	11,514	823,699	34,424	858,123	-	858,123
Intersegment/transfer	5,935	2,077	4,944	4,027	16,984	30,982	47,967	(47,967)	-
Total	768,762	19,175	37,203	15,541	840,683	65,407	906,091	(47,967)	858,123
Segment income	9,909	217	7,184	3,228	20,540	248	20,789	310	21,099
Segment assets	532,190	13,192	142,493	102,027	789,903	20,135	810,038	(6,121)	803,917
Other items:									
Depreciation	12,907	38	3,982	19	16,947	206	17,154	150	17,305
Amortization of goodwill	-	-	187	-	187	-	187	-	187
Investment in affiliates	12,168	-	15,854	-	28,022	10	28,033	-	28,033
Increase in tangible/intangible assets	12,444	14	4,259	52	16,771	1,162	17,933	(215)	17,718

Notes: 1. “Other” represents business segments that are not included in the reportable segments and consists of the mail-order business, the whole sale business, and the sewing and processing business.

2. Adjustments are as follows:

(1) Segment income of 310 million yen under “Adjustments” is the amount resulting from eliminations of intersegment transactions.

(2) Segment assets of minus 6,121 million yen under “Adjustments” include minus 99,362 million yen of elimination of intersegment credit/liabilities and 93,240 million yen of corporate assets unallocated to reportable segments. The corporate assets consist mainly of working capital (cash, deposits and marketable securities) and long-term investments (investment securities) held by the parent company and assets related to the administration departments.

(3) Depreciation of 150 million yen under “Adjustments” includes minus 6 million yen of adjustment for unrealized income arising from intersegment sales and 156 million yen of depreciation for corporate assets unallocated to reportable segments.

(4) The minus 215 million yen under “Adjustments” relating to “increase in tangible/intangible assets” includes a minus 231 million yen of adjustment for unrealized income arising from intersegment sales and 16 million yen of increase in tangible/intangible corporate assets unallocated to reportable segments.

3. Segment income adjustments and segment assets are based on operating income reported on the consolidated statements of operations and total assets reported on the consolidated financial statements.